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6764-4647

2 JAN 1964

MEMORANDUM FOR: Chief, Audit Staff

THROUGH: Deputy Director for Support

SUBJECT: Audit of Compensation and Tax Accounts Branch,
Confidential Funds Division -
1 March 1961 - 31 January 1964

1. The comments and recommendations included in the subject Audit Report are most appreciated and we shall use them as a basis for attempting to improve our basic Agency's payroll procedures. As your report and letter of transmittal indicate, the Agency's overtime policy and regulations related thereto contribute to the major problems of both the Compensation and Tax Accounts Branch, Confidential Funds Division, and the Payroll Branch, Fiscal Division.

2. While the administration of overtime worked is largely the responsibility of operating officials throughout the Agency, we feel that this Office has a responsibility for assisting in clarifying or modifying the overtime policy and procedures to make them more workable and less susceptible to misinterpretation. Toward this end, this Office will continue, whenever possible, to make constructive recommendations concerning reformulation or clarification when experience indicates a need therefor.

3. You have requested advice with regard to action taken on the specific recommendations of the subject Audit Report.

- a. In paragraph 2a of your report you requested that we discontinue payment of overtime, holiday, and night differential when the hours certified for payment on Duty Status Reports are not supported by the detail required by [REDACTED]. On 3 February 1964, in coordination with the Office of Communication, a dispatch relative to night differential was sent to the field. This dispatch stated in part:

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"Commencing with pay period three (19 January-15 February 1964) payment for night differential for the same hours as overtime is claimed will not be paid unless the certification spelled out in reference is either stamped or typed on the Field Duty Status Report above the Chief of Station's or Base's name."

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The certification referred to is as follows, as required by [REDACTED]

"Certification: Night differential for periods during which overtime was worked related to periods during which the employees were temporarily assigned to work a part of another regularly scheduled tour of duty.

Chief of Station/Base"

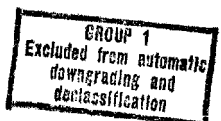
With respect to overtime and holiday pay, the time report forms have not been designed to require all information needed to permit an audit verification that overtime authorized for payment or credit is in conformance with Agency policy. Instead, as provided in [REDACTED] and as proposed by this office for inclusion in [REDACTED] the approval of the appropriate approving official has been accepted by the Office of Finance as full authority for the payment or credit for the overtime shown as authorized. We believe there is merit, however, and accordingly will initiate action to redesign the time report forms to require a clear identification of the particular regulatory provision under which employees in grades GS-10 and above are authorized overtime, i.e., production positions, etc. The requirement that the approving official identify and approve the specific regulatory provision under which overtime will be paid or credited should lead to more meaningful approvals than under the present system.

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- b. Paragraph 2b of your report requested that in coordination with the Office of Personnel, we instruct components of the necessity for them to obtain Office of Personnel approval before taking any action affecting payroll. In the course of day-to-day operations, personnel of Compensation and Tax Accounts Branch spend considerable time instructing components of requisite approvals and other actions necessary before payrolling can be effected. This practice will continue.
- c. As you requested in paragraph 2c of your report, Compensation and Tax Accounts Branch will furnish the Agent Panel annual listings of all employees receiving nonofficial cover premium pay.

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4. As requested in paragraph 2d of your report, Compensation and Tax Accounts Branch has adopted the audit suggestion of notifying components of accounts containing accrued salary payable which has been outstanding over twelve months and will follow up for positive action.
4. We are hopeful that the actions indicated above will improve our payroll procedures and tighten our control of the payment of overtime.

R. H. FUCHS
Director of Finance

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Off Fin/Conf Funds Div [REDACTED]:tl (7431)

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